WAYS AND MEANS DEMOCRATS CALL FOR WELFARE OVERSIGHT

Wednesday, 06 September 2006

New regulations limit state flexibility and compel program cutbacks

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WASHINGTON,
D.C. – Representatives Pete Stark (D-CA), Jim McDermott (D-WA), Benjamin L. Cardin (D-MD), Xavier Becerra (D-CA), and Rahm Emanuel (D-IL), Democratic Members of the Ways and Means Human Resources Subcommittee, today wrote to Representative Wally Herger (R-CA), Chairman of the Subcommittee, to request oversight hearings on new regulations that limit states’ abilities to assist poor families under the Temporary Assistance for Needy Families (TANF) program.

The text of the letter follows:

September 7, 2006

The Honorable Wally Herger

Chairman, Subcommittee on Human Resources

Committee on Ways and Means

1102 Longworth House Office Building

Washington, D.C. 20515

Dear Chairman Herger:

We are writing to you as Chairman of the Ways and Means Human Resources Subcommittee to call for oversight hearings of the newly issued regulations implementing the Temporary Assistance for Needy Families (TANF) Reauthorization in the Deficit Reduction Act. As you are undoubtedly aware, there have been numerous recent reports of state difficulties in implementing these regulations. The regulations significantly altered the original TANF law, which allowed states wide flexibility in meeting the federal standards.

A recent Washington Post article (8/7/06) highlights the problems that many states face in trying to comply with the new regulations. States may be forced to terminate programs proven to be successful, such as Maine’s Parents as Scholars program, which has allowed poor parents to obtain college degrees and careers in well paying fields. Other states will have to eliminate childcare assistance to other working poor families in order to provide childcare assistance to the thousands of new TANF recipients who will have to be engaged under the new regulations. In all states, the TANF program will become much more difficult to administer due to strict new reporting, paperwork, and supervision requirements. It is unclear how states will finance the increase in administrative costs associated with changes in the TANF program. Many states will be hampered in their ability to adapt their programs because such changes will require legislative action and a number of state legislatures will not reconvene until next year.

The challenges facing states are daunting, with severe financial penalties if they do not succeed. In California for instance, nearly 80,000 individuals will need to be put into countable work activities by October 2007, or the state will lose hundreds of millions of dollars in TANF funding. The situation is similar in most states. In 2004, only 4 states were meeting the 50% participation rate required under reauthorization. Most states are not even close to that percentage. The cost of moving large numbers of recipients, many of whom have multiple barriers to employment, into weekly 30-hour work activities will be enormous. For example, data from CRS and the National Conference of State Legislatures estimate that it will cost Pennsylvania over $63 million in new state spending to meet the new participation rate goals and avoid heavy penalties. Michigan will be forced to spend around $70 million. In Colorado the amount is over $12 million. In states that are unable to put people into countable work activities quickly, there will be intense pressure to simply start slashing the rolls and denying new applications. Our Committee must work to make sure that the new TANF rules do not become another unfunded mandate or worse – an excuse for states to terminate assistance to families and children in need.

The 1996 TANF law provided significant state flexibility in exchange for limiting funds to the state. This was a tradeoff many of us, who were on the Committee at the time, were not comfortable with, but one which became the law. Now, these new regulations further limit funds while simultaneously overriding the 1996 law’s provision for state flexibility. As a result, if states wish to maintain their current level of benefits, they are being forced to spend more state money to do so.

This dramatic change in law provides a renewed responsibility for our Subcommittee to conduct active oversight of the TANF program. In July, the full Ways and Means Committee held a hearing to evaluate the TANF program at the 10-year mark. Many members commented at the hearing on how important it was for the Committee to review programs under the Committee’s purview and how such oversight should happen more frequently. We believe that the July hearing did not provide the appropriate time or focus that this important issue merits.

The Deficit Reduction Act and implementing regulations from HHS represent the first major changes to TANF since its inception. As states move to adjust to these changes, now is the perfect time for us to be pro-active in monitoring states’ progress to ensure that the new TANF program is meeting the goal of moving families toward independence and out of poverty.

Sincerely,

Jim McDermott

Ranking Member

Subcommittee on Human Resources

Pete Stark

Member

Subcommittee on Human Resources

Benjamin L. Cardin

Member

Subcommittee on Human Resources

Xavier Becerra

Member

Subcommittee on Human Resources

Rahm Emanuel

Member

Subcommittee on Human Resources